

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 1926 - HB 2122

February 10, 2018

SUMMARY OF BILL: Creates the *New Healthcare Practitioner Act*. Requires the Board of Medical Examiners (BME) to establish a new healthcare practitioner license category. Requires that the new healthcare practitioner license be available by the BME no later than April 1, 2019.

ESTIMATED FISCAL IMPACT:

**Increase State Revenue - \$10,900/FY18-19/Board of Medical Examiners
\$43,500/FY19-20/Board of Medical Examiners
\$49,700/FY20-21/Board of Medical Examiners
\$68,400/FY21-22 and Subsequent Years/
Board of Medical Examiners**

**Increase State Expenditures –
Less than \$93,500/FY18-19/Board of Medical Examiners
Less than \$121,800/FY19-20/Board of Medical Examiners
Less than \$128,100/FY20-21/Board of Medical Examiners
Less than \$146,700/FY21-22 and Subsequent Years/
Board of Medical Examiners**

Other Fiscal Impact – Pursuant to Tenn. Code Ann. § 4-29-121, all health related boards are required to be self-supporting over a two-year period. The BME had an annual surplus of \$382,952 in FY15-16, an annual deficit of \$4,714 in FY16-17, and a cumulative reserve balance of \$2,855,288 on June 30, 2017.

Assumptions:

- Based on information provided by the Department of Health (DOH), the proposed legislation cannot be accommodated within existing resources. The DOH will require one additional Regulatory Board Administrative Director 1 position to implement and operate the new program under the BME.
- The one-time increase in expenditures associated with the additional position is estimated to be \$4,300 (\$1,600 computer cost + \$2,700 office furniture).

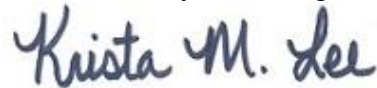
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- The recurring increase in state expenditures associated with the additional position is estimated to be \$78,365 (\$52,500 salary + \$15,965 benefits + \$7,900 administrative cost + \$1,400 communications + \$600 supplies).
- The new health practitioner license requires the applicant to possess a Doctorate in Medical Science from a program that requires:
 - two years of advanced graduate study beyond the physician assistant master's degree
 - approval by a regional body under the United States Department of Education;
 - the program be taught at an accredited allopathic or osteopathic school and the faculty consists of licensed physicians and other doctorate level educators;
 - that the applicant has maintained a clinical practice for at least three years in this state as a primary care physician assistant or at least three years in another jurisdiction that satisfies certain minimum requirements; and
 - the applicant continues clinical practice in primary care as part of a patient care team which includes a sponsoring primary care physician throughout the training program.
- Currently, the BME assesses a \$410 application fee for licensure as a medical doctor. Between 2014 and 2017, there were approximately 425 total medical school graduates in Tennessee. This analysis assumes 25 percent of the 425 trend ($425 \times 25.0\%$), or 106 individuals, would meet the above requirements each year and seek licensure.
- It is estimated the BME would charge a fee comparable to the licensure for a medical doctor of \$410. The recurring increase in state revenue to the BME is estimated to be \$43,460 ($106 \text{ applicants} \times \410) in FY19-20, the first full year of implementation. Due to the requirement to make licenses available no later than April 1, 2019, the increase in state revenue in FY18-19 is estimated to be 25 percent of the first full year impact, or \$10,865 ($\$43,460 \times 25.0\%$).
- The increase in state expenditures associated with the new licensure category are estimated to be less than \$10,868 in FY18-19 and less than \$43,460 in FY19-20 and subsequent years.
- The new healthcare practitioner license will be renewed biennially at an estimated cost of \$235. Renewals will be required starting in April of 2021. The recurring increase in state revenue is estimated to be \$24,910 ($106 \text{ renewals} \times \235). Due to the April renewal date, the increase in state revenue in FY20-21 is estimated to be 25 percent of the first full year impact, or \$6,228 [$(106 \text{ renewals} \times \$235) \times 25.0\%$].
- The increase in state expenditures associated with renewal of the new licensure category are estimated to be less than \$6,228 in FY20-21 and less than \$24,910 in FY21-22 and subsequent years.
- The total increase in state revenue in FY18-19 is estimated to be \$10,865.
- The total increase in state revenue in FY19-20 is estimated to be \$43,460.
- The total increase in state revenue in FY20-21 is estimated to be \$49,688 ($\$43,460 + \$6,228$).
- The total recurring increase in state revenue in FY21-22 and subsequent years is estimated to be \$68,370 ($\$43,460 + \$24,910$).
- The total increase in state expenditures in FY18-19 is estimated to be less than \$93,530 ($\$4,300 + \$78,365 + \$10,865$).

- The total increase in state expenditures in FY19-20 is estimated to be less than \$121,825 (\$78,365 + \$43,460).
- The total increase in state expenditures in FY20-21 is estimated to be less than \$128,053 (\$78,365 + \$43,460 + \$6,228).
- The total recurring increase in state expenditures in FY21-22 and subsequent year is estimated to be \$146,735 (\$78,365 + \$43,460 + \$24,910).
- Pursuant to Tenn. Code Ann. § 4-29-121, all health related boards are required to be self-supporting over a two-year period. The BME had an annual surplus of \$382,952 in FY15-16, an annual deficit of \$4,714 in FY16-17, and a cumulative reserve balance of \$2,855,288 on June 30, 2017.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

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